

Remarks

Reconsideration and allowance in view of the comments which follow, are respectfully requested.

Claims 1 – 23 remain pending in this application. No claim amendments are presently being proposed. The listing of claims shows all of the amendments relative to the claims made from the original issued patent.

In the Office Action dated December 8, 2008, the Examiner rejected Claims 1 – 23 as being allegedly obvious over Montana Burst in Gram Faceting Designs (“GFD” or “Montana Burst”) in view of Grossbard U.S. Patent No. 4,020,649 (“Grossbard ‘649” or “Grossbard”).

The Examiner stated that GFD discloses a two-step cut crown and brilliant-cut pavilion in the shape of an octagon with four equal length sides equal to four equal length corners, and a pavilion with eight rib lines extending in a straight line from the girdle to the culet. The Examiner stated that Grossbard disclosed a mixed-cut gemstone having corner lengths less than side lengths.

The Examiner stated that:

“matters relating to ornamentation only, which have no mechanical function, cannot be relied upon to patentably distinguish the claimed invention from the prior art,...”citing In re Seid.

The Examiner further stated that the shape of the stone is considered to be ornamental and serves no mechanical function. The Examiner then concluded that:

“Therefore, it would have been an obvious design choice to make GFD’s stone into the shape of Grossbard’s stone in order to change the aesthetical appearance of the stone.”

Applicant respectfully traverses the rejection based on obviousness.

Firstly, applicant disagrees with the holding in In re Seid as having relevance to patentability of gemstones. The holding in the Seid case must be understood in the context of the facts of the case. The invention in Seid was ornamentation on a bottle which has only an ornamental and no

mechanical function or purpose. In contrast, the claimed invention provides a facet arrangement which receives incident light through various facets including the table, refracts that light according to the IR of the material, further directs the light throughout the interior of the stone based on the particular facet arrangement, and directs light outward to provide brilliance, dispersion and scintillation to the wearer and others. Accordingly, each aspect of the facet arrangement provides a mechanical function and purpose in reflecting and refracting light, and each aspect of the claimed facet arrangement can be relied on for patentability.

Applicant urges that the Examiner is over-simplifying the obviousness issue by selecting only certain features of Montana Burst to modify, ignoring what one of ordinary skill in the art would view as the intentions of both the Montana Burst and Grossbard designers, and whether the proposed modifications would run contrary to the designers' intentions to produce a good stone with good characteristics. Montana Burst is directed to a stone which is considered by those of ordinary skill in the art to be very different than that of Grossbard, and one skilled in the art would not modify selected features of Montana Burst to use selected features of Grossbard as alleged by the Examiner.

Some of the different distinguishing features of the Montana Burst and Grossbard, which a person of ordinary skill in the art would view as important in finding these stones to be entirely different, are as follows:

	<u>Montana Burst</u>	<u>Grossbard</u>
1.	Directed to stone material having IR of 1.76 (corundum, specifically sapphire) (Montana has sapphires and spinels, but no diamonds)	Directed to diamond having IR of 2.41
2.	Crown has <u>unequal</u> steps	Crown has <u>equal</u> steps

<u>Montana Burst</u>	<u>Grossbard</u>
3. Octagon style (8 <u>equal</u> sides)	Emerald style (cut-cornered rectangular, with 2 longer and 2 shorter sides)
4. All <u>eight</u> pavilion sides have equal lengths	Four pavilion sides are <u>different</u> from four pavilion corners, and two opposing sides have different lengths than the other opposing sides
5. Same pavilion faceting in each side and corner	Different pavilion faceting in sides and corners
6. <u>Eight</u> rib lines in pavilion	Only <u>four</u> rib lines extending from girdle to culet
7. <u>All</u> eight pavilion rib lines extend in a straight line from girdle to culet	<u>None</u> of the four pavilion rib lines extend in a straight line to culet
8. <u>None</u> of the eight pavilion rib lines have a culet break	<u>All</u> four pavilion rib lines have a culet break (see side view)

The Montana Burst is directed to a corundum (sapphire or spinel) which has an IR of 1.76, different from a diamond IR of 2.41. The Montana Burst has unequal height steps, selected because of the characteristics including the IR of the stone. Applicant urges Grossbard stone, which is for a diamond, was selected to have equal height steps because of the IR of diamond. Applicant urges that it would not have been obvious to modify the step arrangement of Montana Burst to have equal step heights like that in Grossbard because of the difference in the IRs of these two stones.

Another characteristic which makes these stones different is that the Grossbard stone is rectangular, having two longer sides and two shorter sides and yet shorter corners, whereas Montana Burst has eight equal sides. Montana Burst has same pavilion facet arrangement in each side and corner, whereas Grossbard has entirely different facet arrangement in sides than corners.

In view of the differences in stone type, shape, pavilion facet arrangement, and pavilion rib line number and arrangement, applicant urges that one skilled in the art views the Montana Burst and Grossbard as different designs achieving different objectives and that one would not have been motivated to modify the Montana Burst in view of any features of Grossbard.

Further, even if a person of ordinary skill in the art was selectively given the Montana Burst and Grossbard and was asked to arrive at a modified design based on these two references, there is no reason why that person would have arrived at a modification proposed by the Examiner, instead of some other modification. Applicant urges that the proposed modification was arrived at through hindsight, using applicant's disclosure as a guide, which is not a proper way to evaluate obviousness.

Applicant believes that it is improper to use applicant's claim as a guide comparing the present claims to the Montana Burst, see what is different, and then hunt for that different feature in other prior art. This is classic hindsight reconstruction, which is improper. The true test is whether the claimed design would have been obvious in view of the prior art. When making this assessment, applicant urges that one must look at the prior art references as a whole to see what they suggest about making any such proposed combination. Assuming one started with the Montana Burst as the starting point, one of ordinary skill in the art would first ask himself whether there would be any motivation or reason to make any modifications to the stone, or to combine features of this stone with another stone, based on a host of features including the IR of the stone material. The Montana Burst goes to great lengths to detail a facet arrangement and cutting angles for the particular Montana material (corundum such as sapphire or spinel, not diamond), based on the intent to achieve a particular stone having a certain brilliance, dispersion (or fire) and scintillation, and given the shape of starting material (round). There is no evidence in the record to support why one would

seek to deviate from the detailed specification for this stone. The same can be said for the specifications of the Grossbard stone.

Without reference to the present claim language (which provides a blueprint or roadmap of the invention), assuming one skilled in the art has as the starting point the Montana Burst and has access to all of the other prior art, there is no reason why he would then look to the Grossbard patent (relating to a cut-cornered rectangular diamond) for possible ways to modify the Montana Burst corundum stone. As described above, there are at least eight major differences between the Montana Burst and Grossbard which together lead one to view these stones as different. Applicant urges that there is no teaching or suggestion or other information sufficient to provide a motivation to modify the Montana Burst stone to have corner lengths substantially less than each of the side lengths.

Applicant also points out that all of the claims recite at least the following features:

1. Corner lengths substantially less than side lengths (along girdle or table);
2. Pavilion sides and corners defined by eight rib lines extending in a substantially straight line from the girdle to the culet.

Montana Burst fails to disclose feature 1 above. Grossbard fails to disclose feature 2 above.

In view of the many differences between the Montana Burst and Grossbard listed above, applicant urges that one skilled in the art would not be motivated to combine Montana Burst with Grossbard. Even if one would be motivated to combine them, there is no reason why one would select certain features of Montana Burst (discarding others) and combine them with certain features of Grossbard (discarding others) to approach the design as presently claimed as compared to some other structure.

The Presently-Claimed Invention Has Enjoyed Commercial Success, Evidencing Non-Obviousness

In the Office Action, the Examiner stated that the comparison of dollars spent on marketing should be showing that the dollars spent on the new line inventive gemstones is in-line with dollars spent on other new lines of gemstones. The examiner stated that, in order for commercial success to be supported, applicant would have to show that the dollars spend on the inventive gemstone is the same or similar to dollars spent on other new lines of gemstones, along with a showing that the sales of other new lines of gemstones for the same marketing dollar spent. The Examiner also stated that the Declaration failed to show that it is the claimed gemstone that has caused the commercial success, and there could have been an increase in marital engagements during this period due to a population bubble being in the traditional marrying age bracket.

In response, applicant will demonstrate that the subject Lucida gemstone has been commercially successful relative to its closest comparable gemstone, which is the Legacy gemstone.

As previously reported, the subject Lucida gemstone was introduced in 2004, and the Legacy gemstone was introduced in 2004. These two products are the best products to compare because they cover over-lapping time periods, have been sold recently, and because both sales and marketing expenses from product introduction are available. In order to fully compare the subject Lucida gemstone sales with Legacy gemstone sales, from product introduction to 2007, applicant submits the Supplemental Declaration of Clair Mah (Mah Supp. Dec.) The sales and marketing expense data clearly indicate that sales of the subject Lucida gemstone far exceed the sales of Legacy for the same marketing dollars spent. In 1999, Lucida sales were \$130M, and in 2000, Lucida sales were \$55.3M, (previously submitted of record). In 1999, Lucida advertising and marketing ("A&M") expenses were \$981K, and in 2000, were \$1,814K (Mah Supp. Dec. ¶12).

Combined with sales, advertising, and marketing expenses previously presented for the period 2001 – 2007, the results for Lucida are as follows:

<u>Period</u>		<u>A&M</u>		<u>Sales</u>
2001 – 2007	\$	9,434K	\$	299.5M
2000		1,814K		55.3M
1999		981K		13.0M
Total	\$	12,229K	\$	367.8M

Comparing Lucida with Legacy over their respective sales periods from product introduction through 2007, we have the following:

<u>Period</u>	<u>Gemstone Style</u>		<u>A&M</u>		<u>Sales</u>	<u>A&M/Sales</u>	<u>Sales/A&M</u>
1999-2007	Lucida	\$	12,229K	\$	367.8M	$\$12,229K/\$367.8M = 3.3\%$	\$30.08
2004-2007	Legacy	\$	5,239K	\$	65.4M	$\$5,239K/\$65.4M = 8.0\%$	\$12.48

In summary:

1. For Lucida gemstones for the period 1999 – 2007 inclusive, advertising and marketing expenses worldwide as a percentage of sales worldwide, was about 3.3% ($\$12,229K/\$367.8M$). Stated another way, sales volume per advertising and marketing expenses were ($\$367.8M/\$12,229K$) = \$30.08.
2. For Legacy gemstones for the period 2004 – 2007 inclusive, advertising and marketing expenses worldwide as a percentage of sales worldwide was about 8.0% ($\$5,239K/\$65.4M$). Stated another way, sales volume per advertising and marketing expenses were ($\$65.4M/\$5,239K$) = \$12.48.

The advertising and marketing expenses for the Lucida SDR were only 3.3% of sales over its sales period 1999 - 2007, well below and less than half proportionally the advertising and

marketing expenses of about 8.0% of sales for Legacy over its sales period of 2003 - 2007. Stated another way, inventive Lucida sales were \$30.08 per advertising and marketing dollar, far exceeding Legacy's sales of \$12.48 per advertising and marketing dollar. Clearly, Lucida gemstones have been hugely, commercially successful, relative to Legacy gemstones.

Applicant also respectfully points out that the previously submitted Supplemental Declaration of Detra Segar, stated that customers selected Lucida gemstones because of its unique faceting arrangement, and was the reason for their purchase.

The Segar Supp Dec states:

“3...Based on comments from customers, I believe that [the Lucida] gemstone cut is highly desirable and was the reason for their purchase.”

The Declaration of Robert Greeff stated that the Lucida faceting arrangement is covered by the subject patent claims.

The Greeff Second Supp Dec states:

“24. The Lucida jewelry line contains essentially only gemstones which are described by the subject claims, so that virtually all of the value of the Lucida jewelry line is attributable to the Lucida gemstones covered by the subject claims.”

Accordingly, applicant respectfully urges that the Segar and Greeff Declarations evidence demonstrates that customers have selected and purchased the Lucida gemstones because of the claimed faceting arrangement.

Applicant urges that the totality of the factual evidence submitted by way of the Declarations clearly establishes that the gemstone covered by the subject claims has been commercially successful.

Also, in response to the Examiner's statement that an increase in marital engagements during this period due to a population bubble “could” have accounted for the increased sales,

applicant encloses a document which establishes that the marriage rate has actually declined during the Lucida sales period. In 2006, a report entitled, “*The National Marriage Project*”, reported (on pages 16 – 17, especially Fig. 1) that the annual marriage rates from 1970 have actually dropped by more than 10% per decade for this period, which includes the relevant Lucida sales period. Even though marriage rates had declined at a rate over 10% per decade, Lucida sales increased. Lucida also necessarily increased in market shares because, in a declining sales market, its sales displaced sales of other gemstone styles. Indeed, evidence of displacing other products in the marketplace is strong evidence of commercial success.

Copying of the Claimed-Invention is Strong Evidence Supporting Non-Obviousness

Other objective indicia of patentability supporting the non-obviousness of the claimed subject matter is copying of the claimed invention. Applicant submitted as Exhibit A to the previous Amendment, website pages describing a gemstone market by Cut by Guage under the mark, Lucére. Page 2 of 3 of the www.voyagerjewelrydesign.com website shows the crown and pavilion of this gemstone. This Lucére gemstone is believed to incorporate the features of at least pending Claims 1 – 5, 8, 9, 11, 15, 16, and 21. Generally, the Lucére gemstone has a stepped crown with corners substantially shorter than its sides, and a pavilion having four sides and four corners defined by eight distinct rib lines extending from the girdle to the culet in substantially straight lines, as well as the other features recited in the listed claims. In the Office Action of December 8, 2008, the Examiner made no mention of consideration of this evidence, so applicant assumes that this evidence was not considered. Applicant respectfully requests consideration of this evidence.

Of significance is that Slotar’s selection of the mark “Lucére” shares the same first three letters of the applicant’s mark, “Lucida”, which applicant believes is strong evidence that Slotar

wishes to communicate to the purchasing public that the Lucére gemstone is essentially the same design as applicant's Lucida gemstone.

Conclusion

In view of the foregoing, applicant respectfully submits that the claimed invention is unobvious over the prior art cited, even if commercial success and copying are not considered. After considering the strong evidence of commercial success and copying, applicant urges that the claimed invention is not obvious. Applicant believes that the application is in condition for allowance, and such action is earnestly solicited.

If a telephone interview would be of assistance in advancing the prosecution of the subject application, applicant's undersigned attorney invites the Examiner to telephone him at the number provided below.


Fees

Applicant submits a one-month extension fee of \$130, and the RCE fee of \$810, totaling \$940. No other fees are believed to be due. However, if any fee is determined to be due, authorization is hereby given to charge the fee to deposit account #02-2275. Pursuant to 37 C.F.R. 1.136(a)(3), please treat this and any concurrent or future reply in this application that requires a petition for an extension of time for its timely submission as incorporating a petition for extension of time for the appropriate length of time. The fee associated therewith is to be charged to Deposit Account No. 02-2275.

Respectfully submitted

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